



**TENNESSEE LOCAL DEVELOPMENT AUTHORITY**  
**OCTOBER 19, 2022**  
**AGENDA**

1. Call meeting to order
2. Approval of minutes from the TLDA meeting of July 26, 2022
3. Consideration of a request from the City of Chattanooga to issue an EPA WIFIA loan in an amount not to exceed \$186,000,000 on parity with its outstanding SRF loan agreements
4. Consider for approval the following Clean Water Loan:

	SRF Base Loan	Principal Forgiveness	Total Request	Interest Rate	Term
Lakeland, SRF 2022-476	\$ 15,000,000	\$ -	\$ 15,000,000	2.78%	20

5. Consider for approval the following Drinking Water Loans:

	SRF Base Loan	Principal Forgiveness	Total Request	Interest Rate	Term
Elizabethton, DG20 2022-252	\$ 1,350,000	\$ -	\$ 1,350,000	1.19%	20
Kingsport, DG8 2022-249	\$ 1,300,000	\$ -	\$ 1,300,000	1.06%	20
Lafollette, DW9 2023-255	\$ 85,000	\$ 85,000	\$ 170,000	0.66%	5
Trenton, DW8 2022-245	\$ 520,000	\$ 130,000	\$ 650,000	1.82%	20

6. Adjourn

**TENNESSEE LOCAL DEVELOPMENT AUTHORITY**  
**July 26, 2022**

The Tennessee Local Development Authority (the “TLDA”) met on Tuesday, July 26, 2022, at 1:40 p.m. in the Volunteer Conference Center, Second Floor, Cordell Hull Building, Nashville, Tennessee. The Honorable Tre Hargett, Secretary of State, was present and presided over the meeting.

The following members were also present:

The Honorable Jason E. Mumpower, Comptroller of the Treasury  
The Honorable David H. Lillard, Jr., State Treasurer  
Commissioner Jim Bryson, Department of Finance and Administration  
Mayor Paige Brown, House Appointee

The following member participated telephonically as authorized by Tennessee Code Annotated Section 8-44-108 and included in the meeting notice:

Mayor Gary Cordell, Senate Appointee

The following member was absent:

The Honorable Bill Lee, Governor

Recognizing a quorum present, Mr. Hargett called the meeting to order, and asked Ms. Sandra Thompson, TLDA Assistant Secretary and the Director of the Division of State Government Finance (DSGF) to conduct a roll-call:

Mayor Cordell—Present  
Mayor Brown—Present  
Mr. Bryson—Present  
Mr. Mumpower—Present  
Mr. Hargett—Present  
Mr. Lillard—Present

Mr. Hargett stated that the first item on the agenda was approval of the minutes from the June 15, 2022, TLDA meeting. Mr. Mumpower made a motion to approve the minutes, and Mr. Lillard seconded the motion. Mr. Hargett asked Ms. Thompson to conduct a roll-call vote:

Mayor Cordell—Aye  
Mayor Brown—Aye  
Mr. Bryson—Aye  
Mr. Mumpower—Aye  
Mr. Hargett—Aye  
Mr. Lillard—Aye

The minutes were unanimously approved.

Mr. Hargett stated that the next item on the agenda was the annual review of the TLDA Debt Management Policy (DMP). He called upon Ms. Thompson to present the item. Ms. Thompson stated that review of the DMP was required at least annually, and that it was distributed to all staff and the attorney general’s office for their review and comment. Ms. Thompson reported that there were no revisions at this time. She stated that the DMP was included in the meeting materials so that the TLDA could acknowledge that an annual review had been conducted. Mr. Hargett asked if there were any questions about the policy. Hearing none, and with no further action necessary, he moved on to the next agenda item.

Mr. Hargett stated that the next item on the agenda was the consideration and approval of Clean Water State Revolving Fund (CWSRF) loan requests and stated that, unless there was any objection, the TLDA would hear the five loan requests prior to asking for a motion to approve. Hearing none, he recognized Mr. Adeniyi Bakare, SRF Program Manager for the Tennessee Department of Environment and Conservation (TDEC), to present the loan requests. Mr. Bakare first presented the Report on Funds Available for Loan Obligation for the CWSRF Loan Program. He stated the unobligated fund balance was \$136,950,682 as of June 15, 2022. Since that time, the unobligated balance had increased by \$11,949,000 due to the FFY 2021 United States Environmental Protection Agency capitalization grant and the FFY 2021 state match. Upon approval of the loan requests to be presented totaling \$22,750,000, the remaining funds available for loan obligations would be \$126,149,682. He then presented the CWSRF loan requests.

- **Cleveland (SRF 2022-473)** Requesting \$4,650,000 for Wastewater Treatment Plant (WWTP) improvements/advanced treatment (Construction of an ultraviolet disinfection system at the Hiwassee River WWTP); recommended interest rate of 1.33% based on the Ability to Pay Index (ATPI); Priority ranking 7 of 53 (FY2021); Term: 20 years
- **Oak Ridge (SRF 2021-455)** Requesting \$1,900,000 for a collection system rehabilitation (Rehabilitation of the sewer collection system in the southeastern portion of the city); recommended interest rate of 2.42% based on the ATPI; Priority ranking 46 of 83 (FY2019); Term: 20 years
- **Thompson Station (CG9 2022-469)** Requesting \$5,000,000 for a Green – WWTP expansion/secondary treatment (Expansion of the existing WWTP from 0.47 million gallons per day (MGD) to 1.0 MGD); recommended interest rate of 1.96% based on the ATPI; Priority ranking 63 of 64 (FY2020); Term: 20 years
- **Thompson Station (SRF 2022-470)** Requesting \$10,400,000 for a Green – WWTP expansion/secondary treatment (Expansion of the existing WWTP from 0.47 MGD to 1.0 MGD); recommended interest rate of 2.26% based on the ATPI; Priority ranking 63 of 64 (FY2020); Term: 20 years
- **Smyrna (CG20 2022-474)** Requesting \$800,000 for a Green – infiltration and inflow correction (Rehabilitate approximately 5,000 linear feet of existing 6-inch to 10-inch diameter sewer lines using the pipe bursting, cured in place pipe, and open cut methods; replace 23 existing manholes; and install 6 new manholes); recommended interest rate of 1.92% based on the ATPI; Priority ranking 39 of 64 (FY2020); Term: 20 years

Mr. Hargett inquired if there were any questions. Hearing none, Mr. Mumpower made a motion to approve the loans, and Ms. Brown seconded the motion. Mr. Hargett asked Ms. Thompson to conduct a roll-call vote:

Mayor Cordell—Aye  
Mayor Brown—Aye  
Mr. Bryson—Aye  
Mr. Mumpower—Aye  
Mr. Hargett—Aye  
Mr. Lillard—Aye

The loans were unanimously approved.

Mr. Hargett stated that the next item on the agenda was consideration and approval of Drinking Water State Revolving Fund (DWSRF) loans, and stated that, unless there was any objection, the TLDA would hear the two loan requests prior to asking for a motion to approve. He called upon Mr. Bakare to present the loan requests. Mr. Bakare first presented the Report on Funds Available for Loan Obligation for the DWSRF Loan Program. He stated the unobligated fund balance was \$88,897,667 as of June 15, 2022. Since that time, the unobligated amount had increased by \$4,386 with the return of previous (unused) funding from the City of Lebanon. Upon approval of the

loan requests to be presented totaling \$30,825,000, the remaining funds available for loan obligations would be \$58,077,053. He then presented the DWSRF loan requests.

- **Cleveland (DWF 2022-247)** Requesting \$825,000 for pump station upgrades (Upgrades to the Dempsey Street Water Booster Pump Station); recommended interest rate of 1.33% based on the ATPI; Priority ranking 19 of 72 (FY2021); Term: 20 years
- **Oak Ridge (DWF 2022-253)** Requesting \$30,000,000 for a new water treatment plant (Construction of a 16 MGD membrane filtration WTP); recommended interest rate of 2.48% based on the ATPI; Priority ranking 20 of 48 (FY2020); Term: 20 years

Mr. Hargett inquired if there were any questions. Hearing none, he asked for a motion to approve the loans. Mr. Mumpower made a motion to approve the loans, and Mr. Lillard seconded the motion. Mr. Hargett asked Ms. Thompson to conduct a roll-call vote:

Mayor Cordell—Aye  
Mayor Brown—Aye  
Mr. Bryson—Aye  
Mr. Mumpower—Aye  
Mr. Hargett—Aye  
Mr. Lillard—Aye

The loans were unanimously approved.

Hearing no other business, Mr. Hargett asked for a motion to adjourn the meeting. Mr. Mumpower made a motion to adjourn, and Mr. Lillard seconded the motion. Mr. Hargett asked Ms. Thompson to conduct a roll-call vote:

Mayor Cordell—Aye  
Mayor Brown—Aye  
Mr. Bryson—Aye  
Mr. Mumpower—Aye  
Mr. Hargett—Aye  
Mr. Lillard—Aye

The meeting was adjourned.

Approved on this \_\_\_\_ day of \_\_\_\_\_, 2022.

Respectfully submitted,

Sandra Thompson  
Assistant Secretary





JASON E. MUMPOWER  
*Comptroller*

**October 19, 2022**

**City of Chattanooga  
Request for TLDA Approval to Issue Additional Debt**

The City of Chattanooga (the “City”) is requesting approval from the Tennessee Local Development Authority (the “TLDA”) to issue a United States Environmental Protection Agency (EPA) Water Infrastructure Finance and Innovation Act (WIFIA) loan on parity with its outstanding State Revolving Fund (SRF) loan agreements. Request for approval is required by provisions set forth in the SRF loan agreements and guidelines set forth in the TLDA/SRF Policy and Guidance for Borrowers. The proposed loan transaction will be in an amount not to exceed \$186,000,000.

The following provides details about the transaction:

**1. The requestor is a:**

- ☐ Utility District or Water/Wastewater Authority planning to issue Revenue Debt  
Will the proposed debt be secured by revenues other than revenues of the water/wastewater system (e.g. electric, gas)? ☐ Yes ☒ No
- ☒ Municipality (town/city/county) planning to issue:  
☐ General Obligation Debt  
☒ Revenue Debt – Will the proposed loan be secured by revenues other than revenues of the water/wastewater system (e.g. electric, gas)? ☐ Yes ☒ No

**2. Lien Position:**

- ☒ The borrower is requesting to issue the loan on parity with its outstanding SRF loan(s).
- ☐ The borrower is requesting to subordinate the lien position of its outstanding SRF debt to the lien position of its new debt issuance.
- ☐ The borrower is not requesting a modification of lien position and the proposed debt will be issued subordinate to the SRF debt.



JASON E. MUMPOWER  
*Comptroller*

**3. The purpose of the proposed debt issuance is:**

☐ Refunding  
☒ New Money

**4. Description and Additional Information:**

The City has applied for funding from the EPA's WIFIA program. WIFIA loans are allowed to cover up to 49% of a project cost, and supported projects are required to be "co-financed" with another source of funding. The \$186 million WIFIA loan represents 49% of project funding and City indicated that the remaining 51% will be funded with SRF loans and cash.

The City entered into a multi-phased consent decree with the U.S. United States Environmental Protection Agency ("EPA") in 2013. Additional information and updates related to the consent decree are located at <https://chattanooga.gov/public-works/interceptor-sewer/consent-decree-public-repository>. The consent decree compliance goals are:

- total compliance,
- reduce overall inflow and infiltration,
- eliminate chronic sanitary sewer overflows (SSO), and
- eliminate West Bank SSO.

To continue with project funding related to the consent decree, the City was invited to apply for a WIFIA loan.

**5. The debt rating of the borrower is:**

*Please indicate N/R if not rated.*

<input type="checkbox"/>	Moody's
<input checked="" type="checkbox"/> AA (indicative rating)	Standard and Poor's
<input type="checkbox"/>	Fitch



JASON E. MUMPOWER  
Comptroller

**6. The following SRF loans are currently authorized/outstanding:**

Chattanooga							
9/29/2022							
Loan Type	Loan #	Status	Disbursements	Available to Draw	Principal Forgiveness	Edison Balance @09/29/22	MADS*
Sewer	SRF 2003-168	Repayment	40,582,809.00	\$ -	-	\$ 6,494,078.40	\$ 2,617,824.00
Sewer	SRF 2007-204	Repayment	13,000,000.00	-	-	6,747,400.00	848,868.00
Sewer	SRF 2011-289	Repayment	17,491,451.00	-	-	14,696,538.00	1,140,444.00
Sewer	SRF 2012-307	Repayment	29,500,328.00	-	-	24,536,739.00	1,763,880.00
Sewer	SRF 2013-318	Repayment	59,080,762.00	-	-	49,732,342.00	3,714,444.00
Sewer	SRF 2016-357	Construction	37,104,025.00	5,395,975.00	-	37,104,025.00	2,412,035.00
Sewer	CW6 2018-405	Repayment	1,000,000.00	-	10%	848,133.00	52,260.00
Sewer	SRF 2018-406	Repayment	17,100,000.00	-	-	16,915,866.00	993,012.00
Sewer	CW7 2019-428	Construction	2,897,452.00	102,548.00	10%	2,897,452.00	164,676.00
Sewer	SRF 2019-429	Construction	9,169,020.00	10,864,597.00	-	9,169,020.00	1,280,796.00
Sewer	SRF 2018-406-01	Repayment	30,000,000.00	-	-	28,209,372.00	1,683,072.00
Sewer	SRF 2020-440	Construction	1,462,082.00	13,537,918.00	-	1,462,082.00	796,872.00
Sewer	SRF 2020-440-01	Construction	-	19,000,000.00	-	-	1,036,398.00
				<u>\$ 48,901,038.00</u>		<u>\$ 198,813,047.40</u>	<u>\$ 18,504,581.00</u>

**7. Compliance with SRF Loan Agreement:**

**a. Timely repayments [4.(a)]**

  X   Yes             No

**b. Security Deposit (UDs and Authorities) [8.] N/A**

       Yes             No

Amount on deposit:

**c. GAAP Accounting and Audited Annual Financial Statement Requirement [7.(g) and (m)(2)]**

The City timely filed its audit report for FY 2021.

       Yes        X   No



JASON E. MUMPOWER  
Comptroller

The City reported that the delay in filing its report resulted from staffing issues, pandemic challenges, and implementing a comprehensive upgrade to its accounting system. The report was filed on 2/4/2022.

**d. Sufficient Revenues [7.(k)]**

☒ Yes      ☐ No

For the fiscal year ended June 30, 2021, the City Government's audited financial statements reflected operating income of \$41,581,126, and a positive change in net position of \$40,468,237, for the Interceptor Sewer Fund (the "Fund"). As reported on the cash flow statement, debt service payments for fiscal year 2021 were \$11,006,021 consisting of principal payments of \$8,237,261 and interest payments of \$2,768,760.

As of the fiscal year ended June 30, 2021, the Fund reported \$46,416,277 in unrestricted cash and cash equivalents.

**e. Debt Service Coverage Ratios [7.(l) and (m)(4)]**

The current and projected Debt Service Coverage Ratio is equal to or exceeds 1.2 times.

☒ Yes      ☐ No

If no, include a schedule of revised rates and fees. ☐ Included ☐ N/A

*Most Recent Fiscal Year (m)(3):*

The debt service coverage ratio is projected by the City at 3.1x for the fiscal year ended June 30, 2022. Repayment for the new debt is projected to begin in fiscal year 2024. Because the initial year of debt service should only include interest, we have included ratios through 2026 below.

*Next Three Fiscal Years After Debt Issuance (m)(4):*

The City Government's prepared forecasted debt service coverage ratios for its Interceptor Sewer Fund projects that it will meet the debt service coverage requirement with estimated debt service to net revenues ranging from 3.4x to 4.0x for fiscal years 2023 through 2026.



JASON E. MUMPOWER  
*Comptroller*

The City Government has met the debt service coverage requirements.

Source of debt service coverage ratios provided by the City Government.

- f. Is the entity currently under the jurisdiction of the Utility Management Review Board (UMRB) or the Water and Wastewater Financing Board (WWFB)?**  
[7.(n)]

☐ Yes      ☒ No

If yes, reason for referral: ☐ Water Loss ☐ Financial Distress

If the reason is for financial distress, include a schedule of revised rates and fees along with a copy of the corrective action order from the respective board.

☐ Included ☐ N/A

**8. State-Shared Taxes (SST): (Towns, Cities, Counties)**

<u>\$33,146,988</u>	Received in prior fiscal year
<u>\$18,504,581</u>	Total Maximum Annual Debt Service
<u>\$14,642,407</u>	Unobligated SSTs

**9. Conclusion**

Based on our analysis, it appears the City meets the TLDA's criteria to issue the WIFIA loan on parity with its currently approved and outstanding SRF loans. While the EPA requires that the WIFIA loan be on parity with the funding sources for the 51%, the City will need to submit a request to modify lien position of any additional debt payable from the system's revenues in accordance with the TLDA Policy and Guidance for Borrowers.

**Attachment:**

Debt Service Coverage Ratios (provided by the City)



**City of Chattanooga**  
**Department of Finance and Administration**  
**Mayor Tim Kelly**

September 29, 2022

Ms. Sandra W. Thompson, CCTS  
Director  
Comptroller of the Treasury  
Division of State Government Finance  
425 Rep. John Lewis Way, N.  
Nashville, TN 37243

Re: City of Chattanooga, Tennessee – Request for Additional Parity Revenue Debt

Dear Ms. Thompson,

The City of Chattanooga, Tennessee (the "City" or "Chattanooga") respectfully submits this request for approval to the Tennessee Local Development Authority ("TLDA") to issue additional debt on parity with the City's existing State Revolving Fund Loans ("SRF Loans"). Over the last several years, the City has been the recipient of 13 SRF Loans administered through the State of Tennessee's Clean Water State Revolving Fund and Drinking Water State Revolving Fund programs (together, the "SRF Program").

The City entered into a multi-phased consent decree with the U.S. United States Environmental Protection Agency ("EPA") in 2013. Additional information and updates related to the consent decree are located at <https://chattanooga.gov/public-works/interceptor-sewer/consent-decree-public-repository>. The consent decree compliance goals are 1) total compliance 2) reduce overall inflow and infiltration 3) eliminate chronic sanitary sewer overflows (SSO) and 4) eliminate West Bank SSO. To continue with project funding related to the consent decree, the City was invited to apply for a Water Infrastructure Finance and Innovation Act of 2014 ("WIFIA") loan.

**Purpose for Request**

The City plans to enter into a direct placement loan (to be financed as a single revenue bond) with the EPA pursuant to the WIFIA loan program to fund the capital needs as identified as part of the consent decree for the City's Interceptor Sewer System ("Sewer System").

**WIFIA Loan Program**

The WIFIA loan program is a federal credit program administered by the EPA for eligible water and wastewater infrastructure projects. In 2022, the City submitted a loan application to the EPA to fund a portion of the costs related to construction of above ground wet weather storage tanks, improvements to a treatment plant, implementation of a Thermal Hydrolysis Process (THP) for pre-treatment and

anaerobic digestion of biosolids and replacement of the existing oxygen plant ("Project"). The WIFIA loan will provide a long term, cost-effective, fixed rate financing option to fund the Project at approximately \$186 million representing approximately 49% of total eligible Project costs (\$386 million). The remaining 51% of the Project costs will be funded with SRF Loans and cash. The EPA requires that the WIFIA loan be on parity with the funding sources for the 51% and therefore establishes our basis for requesting approval to issue parity debt.

### **Revenue Bond Program**

The City plans to enter into a loan agreement with the EPA and issue a single revenue bond ("WIFIA Bond") via a direct placement financing pursuant to the City's drafted Master Bond Resolution allowing for the sale of sewer revenue bonds ("Master Resolution"). The Master Resolution is expected to be presented to City Council in October 2022. The Master Resolution contemplates that all SRF Loans (current and future) are on parity with each other. The City is requesting the WIFIA Bond be on parity with the City's outstanding SRF Loans currently outstanding in the principal amount of approximately \$218.5 million. Given the EPA's requirement to remain on parity with other Project funding sources, it is expected the WIFIA Bond will remain on parity with future SRF Loans as well. There are currently no outstanding sewer revenue bonds. Given there are no sewer revenue bonds or "Senior Bonds", the WIFIA Bond and all outstanding and future SRF Loans will be designated as "Junior Bonds" under the Master Resolution.

It is the City's intention to continue to utilize the SRF Program or other cost-effective financing options, including sewer revenue bonds, if needed. If the City were to fund a substantial amount of the cost of the Project with traditional sewer revenue bonds, rather than through the WIFIA Bond and SRF Loans, the City's cost of capital, under current market conditions, could increase significantly which would put a strain on the City's ability to meet its significant capital needs thus placing the health, safety and welfare of the citizens of Chattanooga at risk.

### **Sewer System Rate Increases**

The City Council has raised its sewer rates annually from 2012 – 2022 and expects future rate increases to be needed annually. The City expects to re-evaluate future rate increases related to the potential for increases to operating expenses of the Sewer System. A copy of the City's 10-year Sewer System rate increases is included as Attachment A.

### **City Participation in the SRF Loan Program**

The City has utilized the SRF Program to fund a large portion of the City's sewer capital needs and expects that SRF Loans will be applied to support future capital needs. The City's 5-year CIP budget (FY 2022-2026) related to the Sewer System is approximately \$400 million. Currently, there are 13 SRF loans outstanding or approved in the approximate principal amount of \$218.5 million as shown below:

<b>Existing SRF Loans</b>	<b>Purpose / Project</b>	<b>Authorized Loan Amount</b>	<b>Outstanding Balance</b>	<b>Status</b>
2003-168	Wastewater Treatment Improvements	\$37,321,000	\$6,697,353	Amortizing

2007-204	Wastewater Treatment Improvements	\$13,000,000	\$6,802,769	Amortizing
SRF 2011-289	Wastewater Treatment Upgrades	\$20,000,000	\$14,767,374	Amortizing
SRF 2012-307	Wastewater Treatment Upgrades	\$33,100,000	\$24,660,510	Amortizing
SRF 13-318	Wastewater Treatment Improvements	\$66,800,000	\$49,973,501	Amortizing
SRF 16-357	Wastewater Treatment Improvements	\$42,500,000	\$37,104,025	Expending
CW6 2018-45	Moccasin Bend WWTP	\$1,000,000	\$851,417	Amortizing
SRF 2018-406	Moccasin Bend WWTP	\$17,100,000	\$16,977,244	Amortizing
SRF 2018-406-01	Inflow and Infiltration	\$30,000,000	\$28,322,398	Amortizing
CW7-2019-428	I/I Correction - Dobb Branch & South Chickamauga Basin	\$3,000,000	\$2,897,452	Expending
SRF 19-429	I/I Correction - Dobb Branch & South Chickamauga Basin	\$21,000,000	\$9,169,020	Expending
SRF 20-440	Wastewater Treatment Plant Improvements & Inflow Correction	\$15,000,000	\$1,247,648	Expending
SRF 20-440-01 <sup>41</sup>	WWTP Improvements & I/I Correction	\$19,000,000	\$19,000,000	Expending
<b>Totals</b>		<b>\$318,821,000</b>	<b>\$218,470,711</b>	

#### Request for Additional Parity Revenue Debt

As noted above, the City's WIFIA Bond must be on parity with the Project's other sources of funds, including the City's SRF Loans. It is the City's position that granting the City's additional revenue debt request will not adversely affect the security for or timely payment of the SRF Loans from available Sewer System revenues. The City is currently in compliance with its SRF Loans and covenants and is timely with payments and submissions of its financial information. The Sewer System is fiscally sound. The City Council has demonstrated a commitment to keep the system fiscally sound by annually raising its user fees as necessary to support the system's capital plan and commitment under the consent decree. The City does not have any outstanding Sewer System revenue debt; however, as part of the WIFIA Bond process will obtain a credit rating. In anticipation of that process, the City received an indicative rating from S&P Global Ratings of "AA". A copy of S&P Global's Rating Evaluation Service letter is attached as Attachment B.

Pursuant to the City's SRF Loan Agreements, a minimum of 1.20x debt service coverage ("DSC") for SRF Loans must be maintained at all times which is above the Master Bond Resolution debt service requirement for "Junior Bonds" which is 1.10x. Currently, as demonstrated by the financial projections provided as Attachment C, the City expects to exceed 1.20x for all debt outstanding, including SRF Loans and the WIFIA Bond. This projected DSC also assumes the City will issue additional debt issues over the next ten years.

#### Factors for Consideration of Additional Parity Revenue Debt

<sup>41</sup> The Debt Report associated with the SRF 20-440-01 was presented to City Council on September 20, 2022 and will be emailed to the Office of Local Finance in the coming weeks.



- *Compliance with SRF Loans, including the covenants and representations in SRF Loans* - As provided above, the City believes that it is in compliance with the terms of its outstanding SRF Loans.
- *Borrower's history of timely repayments of SRF Loans* - The City confirms that it has consistently made timely payments on its outstanding SRF Loans.
- *Borrower's timely filing of financial statements with the Division of Local Government Audit, Tennessee Comptroller of the Treasury* - The City believes it has timely filed its financial statements with the Division of Local Government Audit, Tennessee Comptroller of the Treasury on behalf of all its outstanding SRF Loans.
- *Borrower's credit rating* - The City's Sewer System does not have any outstanding bonds; however, as part of the WIFIA process to obtain a credit rating, S&P Global Ratings has provided an indicative credit rating of "AA". See Attachment B.
- *Purpose and amount of proposed debt issuance* - The City plans to issue the WIFIA Bond in the principal amount of approximately \$186 million as a direct placement financing with the EPA. The WIFIA Revenue Bond will provide funding for a portion of the costs related to construction of above ground wet weather storage tanks, improvements to a treatment plant, implementation of a Thermal Hydrolysis Process (THP) for pre-treatment and anaerobic digestion of biosolids and replacement of the existing oxygen plant. Because of the terms of the WIFIA loan required by the EPA, the City will be required to make some relatively minor changes to its Debt Management Policy to permit the incurrence of the WIFIA Loan. A proposed amendment to the City's Debt Management Policy will be presented to City Council to allow utilization of such program. The proposed amendment is expected to be presented in October 2022.
- *Current and proforma (projected) debt service coverage* - The current and proforma projected debt service coverage currently exceeds 1.20x DSC for all Sewer System debt and SRF Loans, including the proposed WIFIA Bond. See Attachment C.
- *Amount of unobligated state-shared taxes* - The City will not secure the WIFIA Bond with unobligated state shared tax revenues.
- *The Sewer System's reliance on revenues generated from its largest user(s) as a percentage of total system revenues* - During calendar year 2021, the Sewer System's ten largest users represented \$9.27 million or 12.52% of all Sewer System revenues. See Attachment D.
- *The lien position of the existing SRF debt remains the same or is improved* - The security and the ability to make timely payments for all SRF Loans remains unchanged. As required by applicable SRF Loan Agreements, the City is expected to maintain at all times a minimum coverage of 1.20x DSC for all Sewer System Revenue Bonds and SRF Loans. Pursuant to the SRF Loan Agreements, the City has also made an additional pledge of state-shared taxes for the repayment of the SRF Loans.

- *Impact on the health, safety, and well-being of the people of the State of Tennessee* - The Project will provide improvements to the City's wastewater infrastructure that are vital to the system's health and the City's future. The improvements will enhance the community's quality of life and make Chattanooga an even better place to live, work and play.

The Project will provide the following:

- Support the City's commitment to protect our community's water quality through the significant reduction of Sanitary Sewer Overflows (SSOs).
- Restore the wastewater treatment infrastructure necessary to sustain regional growth demands.
- Help facilitate a healthy, thriving population free from water-related environmental threats.
- Provide up-to-date information regarding ongoing infrastructure projects, along with opportunities to provide feedback.
- Improves quality of life for all Chattanooga citizens.
- Creates more inviting recreational activities.
- Preserves and protects the most prized possession of the City – the natural environment

### Summary

The City would like to emphasize that the Sewer System is represented by an experienced sewer management staff, maintains sufficient revenues at all times in order to service its debt obligations, has the support of the City Council to enact necessary rate increases, maintains strong cash balances in the case of an emergency, and maintains the financial flexibility to adjust its debt decisions when necessary and prudent.

The City is very appreciative of the opportunity to participate in the SRF Program and respectfully requests the TLDA to grant approval for additional parity revenue debt. Thank you for the opportunity to present to the TLDA. If you have any questions, please do not hesitate to contact me at 423-298-5971 or [bgoldberg@chattanooga.gov](mailto:bgoldberg@chattanooga.gov) or Justin Steinmann, Assistant Director of Administration Public Works – Wastewater Division at 423-643-7804.

Sincerely,



Brent Goldberg  
Chief Financial Officer

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Office of Mayor Tim Kelly  
101 East 11th Street  
Chattanooga, TN 37402  
E: [bgoldberg@chattanooga.gov](mailto:bgoldberg@chattanooga.gov)  
M: 423-298-5971

C: Justin Steinmann, City of Chattanooga, TN  
Christie Hesse, Jacobs  
Mark Mamantov, Bass Berry Sims  
Lauren Lowe, PFM Financial Advisors LLC

## City of Chattanooga Sewer Rates

Sources: Annual Budgets and City Ordinances		FY12	F12	FY13	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
City Ordinance Number		12523	12523	12622	12622	12757	12835	12953	13186	13213	13334	13473	13558	13710									
Effective Date		10/1/2011	4/1/2012	10/1/2012	4/1/2013	10/1/2013	10/1/2014	10/1/2015	10/1/2016	10/1/2017	10/1/2018	10/1/2019	10/1/2020	10/1/2021	10/1/2022	10/1/2023	10/1/2024	10/1/2025	10/1/2026	10/1/2027	10/1/2028	10/1/2029	10/1/2030
% rate increase			2.50%	5%	4.60%	9.80%	9.80%	9.80%	9.80%	9.80%	6.0%	9.8%	0.0%	6.0%	6.0%	6.0%	4.0%	4.0%	3.0%	3.0%	2.0%	2.0%	2.0%

**Volume Charge (\$/1,000 gallons)**

User Class (gallons)	FY12	F12	FY13	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
First 100,000	\$5.72	\$5.86	\$6.15	\$6.43	\$7.07	\$7.77	\$8.54	\$9.38	\$10.30	\$10.92	\$11.99	\$12.71	\$13.47	\$14.28	\$14.85	\$15.44	\$15.90	\$16.38	\$16.71	\$17.04	\$17.38	
Next 650,000	\$4.24	\$4.35	\$4.57	\$4.78	\$5.25	\$5.77	\$6.34	\$6.97	\$7.66	\$8.12	\$8.92	\$8.92	\$9.46	\$10.03	\$10.63	\$11.06	\$11.50	\$11.85	\$12.21	\$12.45	\$12.70	\$12.95
Next 1,250,000	\$3.44	\$3.53	\$3.71	\$3.88	\$4.27	\$4.69	\$5.15	\$5.66	\$6.22	\$6.60	\$7.25	\$7.25	\$7.69	\$8.15	\$8.64	\$8.99	\$9.35	\$9.63	\$9.92	\$10.12	\$10.32	\$10.53
Next 30,000,000	\$2.90	\$2.98	\$3.13	\$3.27	\$3.60	\$3.96	\$4.35	\$4.78	\$5.25	\$5.57	\$6.12	\$6.12	\$6.49	\$6.88	\$7.29	\$7.58	\$7.88	\$8.12	\$8.36	\$8.53	\$8.70	\$8.87
Over 32,000,000	\$2.82	\$2.89	\$3.04	\$3.18	\$3.50	\$3.85	\$4.23	\$4.65	\$5.11	\$5.42	\$5.95	\$5.95	\$6.31	\$6.69	\$7.09	\$7.37	\$7.66	\$7.89	\$8.13	\$8.29	\$8.46	\$8.63

**Minimum Charge (\$ per month)**

Meter Size (inches)	FY12	FY12	FY13	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
5/8	\$11.79	\$12.08	\$12.67	\$13.25	\$14.55	\$15.98	\$17.55	\$19.27	\$21.16	\$22.43	\$24.63	\$24.63	\$26.11	\$27.68	\$29.34	\$30.51	\$31.73	\$32.68	\$33.66	\$34.33	\$35.02	\$35.72
%	\$42.07	\$43.10	\$45.19	\$47.28	\$51.92	\$57.02	\$62.62	\$68.76	\$75.50	\$80.03	\$87.87	\$87.87	\$93.14	\$98.73	\$104.65	\$108.84	\$113.19	\$116.59	\$120.09	\$122.49	\$124.94	\$127.44
1	\$73.51	\$75.31	\$78.96	\$82.61	\$90.71	\$99.63	\$109.41	\$120.14	\$131.92	\$139.84	\$153.54	\$153.54	\$162.75	\$172.52	\$182.87	\$190.18	\$197.79	\$203.72	\$209.83	\$214.03	\$218.31	\$222.68
1-1/2	\$164.51	\$168.56	\$176.72	\$184.88	\$203.02	\$222.97	\$244.88	\$268.88	\$295.25	\$312.97	\$343.64	\$343.64	\$364.26	\$386.12	\$409.29	\$425.66	\$442.69	\$455.92	\$469.65	\$479.04	\$488.62	\$498.39
2	\$291.28	\$298.45	\$312.90	\$327.35	\$359.47	\$394.80	\$433.59	\$476.08	\$522.77	\$554.14	\$608.45	\$608.45	\$644.96	\$683.66	\$724.68	\$753.67	\$783.82	\$807.33	\$831.55	\$848.18	\$865.14	\$882.44
3	\$682.79	\$699.59	\$733.47	\$767.34	\$842.63	\$925.44	\$1,016.37	\$1,115.98	\$1,225.43	\$1,298.96	\$1,426.26	\$1,426.26	\$1,511.84	\$1,602.55	\$1,698.77	\$1,766.65	\$1,837.32	\$1,892.44	\$1,941.21	\$1,988.19	\$2,027.95	\$2,068.51
4	\$1,261.82	\$1,292.85	\$1,355.46	\$1,418.07	\$1,557.20	\$1,710.24	\$1,878.27	\$2,062.34	\$2,264.63	\$2,400.51	\$2,635.76	\$2,635.76	\$2,793.91	\$2,961.54	\$3,139.23	\$3,264.80	\$3,395.39	\$3,497.25	\$3,602.17	\$3,674.21	\$3,747.69	\$3,822.64
6	\$3,005.43	\$3,079.36	\$3,228.49	\$3,377.61	\$3,709.00	\$4,073.52	\$4,473.74	\$4,912.17	\$5,393.98	\$5,717.62	\$6,277.95	\$6,277.95	\$6,654.63	\$7,053.91	\$7,477.14	\$7,776.23	\$8,087.28	\$8,329.90	\$8,579.80	\$8,751.40	\$8,926.43	\$9,104.96
8	\$5,316.08	\$5,446.84	\$5,710.62	\$5,974.39	\$6,560.55	\$7,205.34	\$7,913.24	\$8,688.75	\$9,540.98	\$10,513.44	\$11,104.56	\$11,104.56	\$11,770.83	\$12,477.08	\$13,225.70	\$13,754.73	\$14,304.92	\$14,734.90	\$15,176.09	\$15,475.69	\$15,789.20	\$16,104.96

**Billable Flow - Wheelage and Treatment (\$/1,000 gallons)**

	FY12	FY12	FY13	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Regional Operation & Maintenance Charge	\$1.72	\$1.72	\$1.85	\$1.85	\$2.00	\$2.10	\$2.145	\$2.2603	\$1.5821	\$3.1020	\$3.4060	\$3.5135	\$3.7689	\$3.9950	\$4.2347	\$4.4041	\$4.5803	\$4.7177	\$4.8592	\$4.9564	\$5.0555	\$5.1566
Regional Debt Charge	\$0.48	\$0.48	\$0.63	\$0.63	\$0.67	\$0.79	\$0.7888	\$0.7918	\$0.7147	\$0.7147	\$0.7847	\$0.6772	\$0.6735	\$0.7139	\$0.7567	\$0.7870	\$0.8185	\$0.8431	\$0.8684	\$0.8852	\$0.9035	\$0.9216
Regional Capital Charge								\$1.5199														
Total Regional Charge (billable flow)	\$2.20	\$2.20	\$2.48	\$2.48	\$2.67	\$2.88	\$2.8543	\$3.4345	\$3.8167	\$3.8167	\$4.1907	\$4.1907	\$4.4424	\$4.7089	\$4.9914	\$5.1911	\$5.3988	\$5.5608	\$5.7276	\$5.8428	\$5.9590	\$6.0782

**Total Flow - Wheelage and Treatment (\$/1,000 gallons)**

	FY12	FY12	FY13	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Regional Operation & Maintenance Charge	\$0.93	\$0.93	\$0.94	\$0.94	\$1.03	\$1.04	\$1.1503	\$1.2119	\$0.8434	\$1.7454	\$1.9164	\$2.0457	\$2.1865	\$2.3177	\$2.4568	\$2.5551	\$2.6573	\$2.7370	\$2.8191	\$2.8755	\$2.9330	\$2.9917
Regional Debt Charge	\$0.25	\$0.25	\$0.30	\$0.30	\$0.33	\$0.37	\$0.3666	\$0.4095	\$0.4434	\$0.4434	\$0.4869	\$0.3576	\$0.3610	\$0.3827	\$0.4057	\$0.4219	\$0.4388	\$0.4520	\$0.4656	\$0.4749	\$0.4844	\$0.4941
Regional Capital Charge							\$0.1900	\$0.1900														
Total Regional Charge (total flow)	\$1.18	\$1.18	\$1.24	\$1.24	\$1.37	\$1.41	\$1.5169	\$1.8114	\$2.1888	\$2.1888	\$2.4033	\$2.4033	\$2.5475	\$2.7004	\$2.8625	\$2.9770	\$3.0961	\$3.1890	\$3.2847	\$3.3504	\$3.4174	\$3.4858

#### Other Fees

[illegible]



55 Water Street  
New York, NY 10041-0003

April 4<sup>th</sup>, 2022

Mr. Brent Goldberg  
Chief Financial Officer  
Chattanooga, TN  
1250 Market Street  
Chattanooga TN 37402  
(423) 643-6311

Dear Mr. Goldberg:

Thank you for requesting that S&P Global Ratings provide you with feedback through its Rating Evaluation Service (RES) on Chattanooga's Water Infrastructure Finance and Innovation Act (WIFIA) loan's indicative credit rating on the proposed scenario described below. S&P Global Ratings has reviewed the scenario you have provided and the following is a summary analysis reflecting our RES committee response.

### **Existing Rating**

Chattanooga does not have an outstanding bond rating for its wastewater utility system. The wastewater system currently supports approximately \$178 million of State Revolving Fund (SRF) loans and a portion of the 2014 general obligation bonds.

### **Scenario Presented**

The issuer presented one scenario to S&P Global Ratings involving the proposed \$186 million WIFIA loan secured by wastewater system revenues. The Proposed Obligations would be used for wastewater system capital improvements to comply with the city's consent decree related to sewer system overflows (SSOs). The Proposed Obligations are expected to be issued on parity with the city's outstanding SRF Loans.

### **Summary of Indicative Rating Conclusion**

With respect to the scenario provided, the RES committee has determined that the issuance of the Proposed Obligation would likely result in the application of a 'AA' credit rating assuming no other significant rating factors changed. The outlook would likely be stable. The preceding assumes that the scenario is implemented in accordance with information and representations provided by the Issuer to S&P Global Ratings.

### **S&P Global Ratings' Current Evaluation of the Issuer:**

The rating reflects our opinion of the wastewater system's significant debt-funded capital plan to address its consent decree. Financial metrics through phase I have remained robust above 4x and cash has risen in anticipation of funding 22% of the capital plan from reserves. Given a history of timely rate increases when needed, we expect management will continue to increase rates to support the rising annual debt service to sustain healthy financial profile.

### **Wastewater utility system credit strengths include:**

- A primarily residential and diverse customer base in Hamilton County, which is in the broad and diverse Chattanooga metropolitan statistical area; however with below average income indicators;
- Robust financial metrics including all-in coverage at above 4.0x during the past three fiscal years, which is projected to decline to no less than 2.0x due to planned rate increases as the wastewater system substantially increases leverage;
- The high liquidity balance including unrestricted cash and investments at \$196 million, equivalent to over four years of operating expenses on hand; and
- Robust and transparent financial policies and practices including a formalized, debt and investment policy, informal liquidity targets, and annually updated long-range financial and capital planning.

### **Offsetting factors include:**

- The consent decree from 2013 between the city and the Environmental Protection Agency related to SSOs;
- The significant capital plan at \$920 million during the next 10 years, \$386 million specifically related to projects under the WIFIA loan, the majority of which will be funded through the WIFIA loan and SRF loans; and
- Affordability that we expect will weaken due to large rate increases, a high county poverty rate, and income metrics that are below the national average.

### **General Assumptions:**

Key assumptions you have provided to us include:

- The \$186 million WIFIA loan is expected to fund 49% of eligible costs, with the remaining costs funded through approximately \$115 million of SRF loans and \$85 million of unrestricted cash.
- The current scenario also includes total construction costs of \$232 million, design costs of \$39 million, planning at \$19 million, and contingencies of \$96 million.
- Management expects to increase rates during the forecast at 6% for fiscal 2022 through 2024, 4% for fiscal years 2025 and 2026, 3% for fiscal 2027.
- The scenario includes the current coverage targets associated with the SRF loans at 1.2x with management's target at 1.4x and an unrestricted cash target to maintain at least 180 days of operating expenses.

S&P Global Ratings' analytical judgments include:

- S&P Global Economics expects U.S. GDP growth at 3.2% for 2022 and 2.1% for 2023 as supply-chain disruptions worsen, prices climb, and the Fed front-loads interest rate hikes.
- Supply-chain disruptions, worsened by the Russia-Ukraine conflict, remain the largest stumbling block for the U.S. economy. Extreme price pressures will likely last well into 2022 before decelerating and falling below target in 2024.
- Future rate increases will weaken rate affordability given the high county rate and below-average income indicators.
- Actual operating results for the wastewater utility will be reasonably in line with management-prepared projections provided in March 2022.
- We expect that management will approve projected rate increases that were provided in the forecasts.

## **Outlook**

The stable outlook reflects our expectation that management will adopt its planned rate increases to support the rise in leverage while progressing through phase II of its consent decree. The stable outlook also reflects the wastewater utility's robust liquidity built up to fund a portion of the capital plan and stable, primarily residential customer base.

## **Downside scenario**

We could lower the rating if construction is delayed significantly to meet the consent decree timeline or if inflation and supply chain disruptions result in significantly higher costs and a decline in projected financial metrics.

## **Upside scenario**

We could raise the rating if management is able to execute its substantial capital plan while incorporating planned rate increases to sustain a robust financial profile.

*This evaluation is both preliminary and confidential. It is preliminary in that it is based on hypothetical information presented to us by you. You understand that S&P Global Ratings will not review, modify or surveil this evaluation. Subsequent information or changes to the information previously provided could result in final conclusions that differ from the preliminary proposed conclusions. Please note the conclusions provided herein are based on assumptions you and your team have provided to us. To the extent that these assumptions, our criteria or other factors change, the rating implications could also change. You understand and agree that we are not financial advisors to you and that in performing the RES, S&P Global Ratings is providing indicative rating opinions on the scenarios presented; it is not endorsing or advocating any particular course of action. Nothing in this report is intended to create, or should be construed as creating, a fiduciary relationship between you and us and recipients of the indicative rating opinions. We have not consented to and will not consent to being named an "expert" under applicable securities laws. Neither S&P Global Ratings' RES or any indicative rating set out herein is a credit rating, nor is it a recommendation to buy, hold or sell any financial obligation of an issuer. This letter is subject to the Terms and Conditions attached to the Engagement Letter applicable to the RES (the "applicable T&Cs").*

*Confidential Dissemination of the Evaluation. The evaluation, including this letter, is provided by S&P Global Ratings to you on a confidential basis. You may not disclose the evaluation (or for the avoidance of doubt, any indicative rating set out therein) or this letter, to third parties except: (i) as required by law or regulation, or for regulatory purposes, or (ii) to third parties that are bound by confidentiality obligations; and in each case, only in accordance with law and in its entirety without any changes (and provided a copy of the applicable T&Cs are attached thereto). If the evaluation is disclosed other than in accordance with the Engagement Letter, including the applicable T&Cs, S&P Global Ratings reserves the right to publicly comment on the evaluation and/or publish this letter.*

Should you have questions, please do not hesitate to contact me.

Sincerely,

*S&P Global/JMB*  
/s/

S&P Global Ratings, acting through  
Standard & Poor's Financial Services LLC

cc:



**Attachment C**  
**City of Chattanooga, Tennessee**  
**Current and Projected Debt Service Coverage**  
**Thousands of Dollars**

	Fiscal Year	Gross Revenues	Operating Expenses, net	Revenue Available for Debt Service	Debt Service					Debt Service Coverage Ratio
					General Obligation Bonds	SRF Loans, existing	SRF Loans, proposed	WIFIA Loan, proposed	Estimated Debt Service	
Actual	2021	\$ 102,366	\$ 45,184	\$ 57,183	\$ 149	\$ 10,885	\$ -	\$ -	\$ 11,034	5.2x
Projected	2022	108,132	61,853	46,279	144	14,678	-	-	14,822	3.1x
Projected	2023	114,897	63,709	51,188	139	14,744	3	-	14,885	3.4x
Projected	2024	122,527	65,620	56,907	134	14,809	45	32	15,020	3.8x
Projected	2025	127,915	67,589	60,326	129	14,443	207	1,158	15,937	3.8x
Projected	2026	132,678	69,617	63,061	124	13,102	486	2,165	15,878	4.0x
Projected	2027	136,393	71,705	64,688	120	13,094	1,491	3,258	17,963	3.6x
Projected	2028	140,219	73,856	66,363	-	13,085	3,979	3,730	20,794	3.2x
Projected	2029	142,847	76,072	66,775	-	13,076	6,353	3,730	23,158	2.9x
Projected	2030	145,527	78,354	67,173	-	13,067	9,450	3,730	26,246	2.6x
Projected	2031	148,261	80,705	67,556	-	13,058	11,191	3,730	27,978	2.4x
Projected	2032	150,492	83,126	67,366	-	12,412	12,744	3,730	28,885	2.3x
Projected	2033	152,758	85,620	67,138	-	12,191	13,144	8,316	33,651	2.0x
Projected	2034	155,061	88,188	66,872	-	12,182	13,135	8,316	33,633	2.0x
Projected	2035	157,400	90,834	66,566	-	12,173	13,126	8,316	33,615	2.0x
Projected	2036	159,777	93,559	66,218	-	12,164	13,117	8,316	33,597	2.0x
Projected	2037	162,192	96,366	65,827	-	12,155	13,108	8,316	33,579	2.0x
Projected	2038	164,646	99,257	65,389	-	8,002	13,098	8,316	29,417	2.2x
Projected	2039	167,139	102,234	64,904	-	5,525	13,089	8,316	26,931	2.4x
Projected	2040	169,671	105,301	64,370	-	5,521	13,080	8,316	26,917	2.4x
Projected	2041	172,245	108,460	63,784	-	5,508	13,070	8,316	26,895	2.4x
Projected	2042	174,859	111,714	63,145	-	1,070	13,060	8,316	22,447	2.8x
Projected	2043	177,515	115,066	62,450	-	1,065	13,051	8,316	22,432	2.8x
Projected	2044	178,229	118,518	59,712	-	1,064	13,041	8,316	22,422	2.7x
Projected	2045	180,163	122,073	58,090	-	1,064	13,031	8,316	22,411	2.6x
Projected	2046	182,949	125,735	57,214	-	-	13,021	8,316	21,337	2.7x
Projected	2047	185,780	129,507	56,272	-	-	12,316	8,316	20,633	2.7x
Projected	2048	188,655	133,392	55,263	-	-	9,864	8,316	18,181	3.0x
Projected	2049	191,577	137,394	54,183	-	-	7,507	8,316	15,823	3.4x
Projected	2050	194,546	141,516	53,029	-	-	4,149	8,316	12,466	4.3x
Projected	2051	197,561	145,762	51,800	-	-	2,252	8,316	10,568	4.9x
Projected	2052	200,626	150,134	50,491	-	-	473	8,316	8,789	5.7x
Projected	2053	203,739	154,638	49,101	-	-	-	8,316	8,316	5.9x
Projected	2054	206,902	159,278	47,624	-	-	-	8,316	8,316	5.7x
Projected	2055	210,116	164,056	46,060	-	-	-	8,316	8,316	5.5x
Projected	2056	213,381	168,978	44,403	-	-	-	8,316	8,316	5.3x
Projected	2057	216,698	174,047	42,651	-	-	-	8,316	8,316	5.1x
Projected	2058	220,069	179,268	40,800	-	-	-	8,316	8,316	4.9x
Projected	2059	223,493	184,646	38,847	-	-	-	8,316	8,316	4.7x
Projected	2060	226,972	190,186	36,786	-	-	-	8,316	8,316	4.4x
Projected	2061	230,507	195,891	34,615	-	-	-	8,316	8,316	4.2x
Projected	2062	\$ 234,098	\$ 201,768	\$ 32,330	\$ -	\$ -	\$ -	\$ 8,316	\$ 8,316	3.9x

**Notes:**

Information based on WIFIA loan application dated February 24, 2022.

Proposed WIFIA loan assumes interest only FY 2024 to FY 2032, includes 5-year construction and 5-year delay before full repayment begins.

**Attachment D**

**The following table summarizes the top 10 customers by percentage of revenues for January 2021 to December 2021.**

Customer	Revenues	Percentage of Revenues
1. Koch Foods LLC	\$ 2,430,000	3.29%
2. Pilgrims Pride	\$ 2,360,000	3.19%
3. Erlanger Health System	\$ 1,170,000	1.58%
4. University of TN Chattanooga	\$ 970,000	1.31%
5. City of Chattanooga	\$ 640,000	0.86%
6. Memorial Health Care System	\$ 480,000	0.65%
7. East Lake Courts	\$ 370,000	0.49%
8. Chattanooga Housing Authority	\$ 320,000	0.43%
9. Blue Cross Blue Shield	\$ 280,000	0.38%
10. Signal View Apartments	\$ 250,000	0.34%

Totals	\$ 9,270,000	12.52%
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# City of Chattanooga

## Mayor Tim Kelly

January 13, 2022

Ms. Felicia D. Freeman  
State Revolving Fund Loan Program  
Tennessee Dept. of Environment & Conservation  
William R. Snodgrass Tennessee Tower  
312 Rosa L. Parks Avenue, 12th Floor  
Nashville, TN 37243

RE: City of Chattanooga Audit Reports for FY21

Dear Ms. Freeman:

The City has experienced staffing challenges during this fiscal year, along with implementing an upgrade to our entire accounting system. Additionally, the remote working environment throughout the COVID-19 pandemic has contributed to management's delay in completing the audit.

We feel very confident this new accounting system is fully integrated and upgraded, as we are in the process of preparing the necessary documents for the fiscal year end. We apologize for the delay, management and the auditor fully expect to have the audit completed by January 31, 2022.

Please feel free to reach out to myself or the Jacobs Engineering Team with any questions, concerns, or documentation needs.

Sincerely,

Brent Goldberg, CPA  
City Finance Officer

CC: Felicia Freeman, TDEC SRF Loan Program  
Sushuma Pedireddi, TDEC SRF Loan Program  
Tosin Owoseni, TDEC SRF Loan Program  
Richard E. Thomas, TDEC SRF Loan Program  
Jason Silvers, City Finance Office  
Fredia Forshee, City Finance Office  
Josh McCutcheon, City Finance Office  
Dennis Malone, City Engineering Office  
Shelly Gribble, Moccasin Bend Finance Office  
Gene Toney, Moccasin Bend Finance Office  
Christy Creel, Public Works Finance Manager  
Mike Marino, Jacobs Engineering

DEPARTMENT OF ENVIRONMENT AND CONSERVATION  
DIVISION OF WATER RESOURCES

**Clean Water State Revolving Fund (CWSRF) Loan Program**  
**Funds Available for Loan Obligation**  
**October 19, 2022**

**Unobligated Balance as of July 26, 2022** **\$ 126,149,682**

**Increases:**

	<b><u>Loan Number</u></b>	<b><u>Amount</u></b>
Interest Repayments FY 2022		\$ 9,964,376
Principal Repayments FY 2022		\$ 60,212,413
Treasury Interest FY 2022		\$ 796,464
City of Goodlettsville	SRF 2018-420	\$ 207,875

**\$ 71,181,128**

**Unobligated Balance as of October 19, 2022** **\$ 197,330,810**

**Decreases:**

	<b><u>Loan Number</u></b>	<b><u>Amount</u></b>
City of Lakeland	SRF 2022-476	\$ 15,000,000

**\$ (15,000,000)**

**Remaining Funds Available for Loan Obligations as of October 19, 2022** **\$ 182,330,810**

## FACT SHEET

### October 19, 2022

**Borrower:** City of Lakeland  
**Project Number:** SRF 2022-476  
**Requested SRF Funding:** \$15,000,000  
**Term:** 20 years  
**Rate:** 2.78% = 2.78% X 100% (Tier 4)

**Project:**

New Interceptor (Replacing the existing Clear Creek Interceptor with a new interceptor).

Total Project Cost:	\$15,000,000
Project Funding:	
SRF Loan Principal	\$15,000,000
Local Funds	\$ -0-
Other Funds	\$ -0-

County:	Shelby County
Consulting Engineer:	Buchart Horn, Inc.
Priority Ranking List:	2019
Priority Ranking:	25 of 83 <sup>1</sup>
Public Meeting:	04/28/2022

**Financial Information:**

Operating Revenues:	\$1,906,847
Current Rate:	\$40.00
Financial Review Rate:	\$40.00
Effective Rates, if applicable:	N/A
Residential User Charge:	5,000 gal/month
Customer Base:	2,939
Audit Report Filed:	10/29/2021 (Timely)
Initial Financial Sufficiency Review:	03/30/2022
Updated Financial Sufficiency Review:	N/A

The financial sufficiency review indicates that revenues and rates are sufficient to repay its SRF loan(s).

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<sup>1</sup> The project is ranked #25 of 83 on the 2019 Priority Ranking List (PRL).

# FACT SHEET

## October 19, 2022

### Additional Security

The borrower pledges its unobligated state-shared taxes (SSTs) in an amount equal to the maximum annual debt service (MADS) requirements under the loan agreement.

The SSTs received by the borrower from the state in the prior fiscal year: \$1,856,436

MADS:	Prior Obligations:	\$ 89,544
	Proposed loan(s):	
	SRF 2022-476	<u>\$ 978,569</u>
	Totals	<u>\$1,068,113</u>

MADS as a percentage of SSTs: 57.54%

**REPRESENTATION OF  
LOANS AND STATE-SHARED TAXES  
CITY OF LAKELAND  
SRF 2022-476**

As security for payments due under a State Revolving Fund (SRF) Loan Agreement, a local government pledges user fees, charges, and ad valorem taxes as necessary to meet its obligations under a SRF Loan Agreement. As an additional security for such payments due, a local government pledges and assigns its unobligated state-shared taxes (SSTs) in an amount equal to maximum annual debt service (MADS) requirements.

**1. State-Shared Taxes**

The total amount of SSTs, as identified pursuant to Tenn. Code Ann. § 4-31-105(c)(2), received by the local government in the prior fiscal year of the State is \$1,856,436.

**2. Prior Obligations**

(a.) Prior SRF loans which have been funded or approved for which the Local Government has pledged its SSTs are as follows:

Loan Type	Loan #	Base Loan*	Principal Forgiveness*	MADS**
SIF #001	BF3450001	\$1,490,396	\$0	\$89,544

\* If applicable, the original approved amount is adjusted for decreases and approved increases

\*\*MADS is an estimate until final expenses have been determined

The total MADS from section 2(a.) having a lien on SSTs is \$89,544.

(b.) Other prior obligations which have been funded or approved for which the local government has pledged its SSTs are as follows:

Type of Obligation	Identifying #	Loan Amount	Principal Forgiveness	MADS
QZAB/QSCB				
TLDA/Public Health				
TLDA/Transportation				

The total MADS from section 2(b.) having a lien on SSTs is \$0.

(c.) The total MADS from prior obligations having a lien on SSTs [subsections 2(a)+2(b)] is \$89,544.

**3. Loan Requests**

The loan(s) which have been applied for and for which state-shared taxes will be pledged:

Loan Type	Loan #	Anticipated Interest Rate	Base Loan	Principal Forgiveness	Anticipated MADS
SRF/Sewer	SRF 2022-476	2.78%	\$15,000,000	\$0	\$978,569

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is \$978,569.

**4. Unobligated SSTs**

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is \$788,323.

**The Local government hereby represents the information presented above is accurate and understands that funding for the loan request(s) presented is contingent upon approval by the TLDA.**

**Duly signed by an authorized representative of the Local Government on this 12th day of August, 2022.**

*This is the Comptroller's certificate as required by TCA 4-31-108.*

**LOCAL GOVERNMENT**

BY:

  
Mike Cunningham, Mayor



**REQUIREMENT FOR REPORT ON DEBT OBLIGATION**  
(FORM CT-0253)  
**CITY OF LAKELAND**  
**SRF 2022-476**

Pursuant to Tenn. Code Ann. § 9-21-134, a Report on Debt Obligation (the "Report") must be prepared for all debt obligations issued or entered into by any public entity and filed with its governing body with a copy sent to the Office of State and Local Finance/Comptroller of the Treasury for the State of Tennessee. The purpose of the Report is to provide clear and concise information to members of the governing or legislative body that authorized and is responsible for the debt issued.

Public entities that fail to comply with the requirements of Tenn. Code Ann. § 9-21-134 are not permitted to enter into any further debt obligations until they have complied with the law. A State Revolving Fund (SRF) loan program applicant that is not in compliance with this law should file the Report as soon as possible and provide notification of filing to the SRF loan program so that it may proceed with the loan application. Instructions on how to file the Report are located in the "Debt" category for "Local Finance" on the website of the Tennessee Comptroller of the Treasury.

**Municipal Securities Rulemaking Board (MSRB) – Required Disclosure**

Local governments that issue municipal securities on or after February 27, 2019, should be aware that the Securities and Exchange Commission (SEC) adopted amendments to Rule 15c2-12 of the Securities Exchange Act that require reporting on material financial obligations that could impact an issuer's financial condition or security holder's rights. The amendments add two events to the list of events that must be included in any continuing disclosure agreement that is entered into after the compliance date:

- Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

To learn how to report these new disclosures please refer to the MSRB's Electronic Municipal Market Access EMMA® website ([emma.msrb.org](http://emma.msrb.org)).

**The applicant, City of Lakeland, attests that it is in compliance with Tenn. Code Ann. § 9-21-134 for its debt obligations and understands that the Report is required to be filed once the SRF loan has been approved by the Tennessee Local Development Authority and the agreement has been executed by the borrower. The applicant further acknowledges that it may be responsible to perform continuing disclosure undertakings related to SEC Rule 15c2-12. Local governments should always consult bond counsel in order to obtain advice on appropriate disclosures related to this rule.**

  
Mike Cunningham, Mayor

August 12, 2022

Date

***This is the Comptroller's certificate as required by TCA 4-31-108.***

DEPARTMENT OF ENVIRONMENT AND CONSERVATION  
DIVISION OF WATER RESOURCES

**Drinking Water State Revolving Fund (DWSRF) Loan Program**  
**Funds Available for Loan Obligation**  
**October 19, 2022**

<b>Unobligated Balance as of July 26, 2022</b>		<b>\$</b>	<b>58,077,053</b>
<b><u>Increases:</u></b>	<b><u>Loan Number</u></b>	<b><u>Amount</u></b>	
Interest Repayments FY 2022		\$	1,210,270
Principal Repayments FY 2022		\$	11,028,373
Treasury Interest FY 2022		\$	231,344
Town of Smyrna	DG9 2021-231	\$	312,627
		<b>\$</b>	<b>12,782,614</b>
<b>Unobligated Balance as of October 19, 2022</b>		<b>\$</b>	<b>70,859,667</b>
<b><u>Decreases:</u></b>	<b><u>Loan Number</u></b>	<b><u>Loan Amount</u></b>	
City of Elizabethton	DG20 2022-252	\$	1,350,000
City of Kingsport	DG8 2022-249	\$	1,300,000
City of Lafollette (Principal Amount)	DW9 2023-255	\$	85,000
City of Lafollette (Principal Forgiveness)	DW9 2023-255	\$	85,000
City of Trenton (Principal Amount)	DW8 2022-245	\$	520,000
City of Trenton (Principal Forgiveness)	DW8 2022-245	\$	130,000
		<b>\$</b>	<b>(3,470,000)</b>
<b>Remaining Funds Available for Loan Obligations as of October 19, 2022</b>		<b>\$</b>	<b>67,389,667</b>

## FACT SHEET

### October 19, 2022

**Borrower:** City of Elizabethton  
**Project Number:** DG20 2022-252  
**Requested SRF Funding:** \$1,350,000  
**Term:** 20 years  
**Rate:** 1.19% = (2.48% X 60%) - (0.3%) (Tier 2)

**Project:**

Green - Waterline Replacement (Replacing the existing 12-inch and 16-inch diameter cast iron Doe River Transmission lines adjacent to HWY 19E bridge in the Valley Forge Community to provide resiliency against severe flooding.)

Total Project Cost:	\$ 1,900,000
Project Funding:	
SRF Loan Principal	\$1,350,000
Local Funds	\$ 200,000
Other Funds (Appalachian Regional Commission Grant)	\$ 350,000

County:	Carter County
Consulting Engineer:	McGill Associates
Priority Ranking List:	2020
Priority Ranking:	44 of 48 <sup>1</sup>
Public Meeting:	06/21/2022

**Financial Information:**

Operating Revenues:	\$10,219,294
Current Rate:	\$39.23
Financial Review Rate:	\$39.23
Effective Rates, if applicable:	N/A
Residential User Charge:	5,000 gal/month
Customer Base:	11,776
Audit Report Filed:	12/19/2021 (Timely)
Initial Financial Sufficiency Review:	03/14/2022
Updated Financial Sufficiency Review:	N/A

The financial sufficiency review indicates that revenues and rates are sufficient to repay its SRF loan(s).

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<sup>1</sup> The project is ranked #44 of 48 on the 2020 Priority Ranking List (PRL).

# FACT SHEET

## October 19, 2022

### Additional Security

The borrower pledges its unobligated state-shared taxes (SSTs) in an amount equal to the maximum annual debt service (MADS) requirements under the loan agreement.

The SSTs received by the borrower from the state in the prior fiscal year: \$2,194,449

MADS:	Prior Obligations:	\$243,516
	Proposed loan(s):	
	SRF 2022-476	<u>\$ 75,884</u>
	Totals	<u>\$319,400</u>

MADS as a percentage of SSTs:	14.55%
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**REPRESENTATION OF  
LOANS AND STATE-SHARED TAXES  
CITY OF ELIZABETHTON  
DG20 2022-252**

As security for payments due under a State Revolving Fund (SRF) Loan Agreement, a local government pledges user fees, charges, and ad valorem taxes as necessary to meet its obligations under a SRF Loan Agreement. As an additional security for such payments due, a local government pledges and assigns its unobligated state-shared taxes (SSTs) in an amount equal to maximum annual debt service (MADS) requirements.

**1. State-Shared Taxes**

The total amount of SSTs, as identified pursuant to Tenn. Code Ann. § 4-31-105(c)(2), received by the local government in the prior fiscal year of the State is \$2,194,449.

**2. Prior Obligations**

(a.) Prior SRF loans which have been funded or approved for which the Local Government has pledged its SSTs are as follows:

Loan Type	Loan #	Base Loan*	Principal Forgiveness*	MADS**
SRF/Sewer	SRF 2011-272	\$2,789,985	\$0	\$166,812
SRF/Water	DG1 2012-120	\$455,000	\$195,000	\$24,552
SRF/Water	DW0 2011-112	\$859,811	\$214,952	\$52,152

\* If applicable, the original approved amount is adjusted for decreases and approved increases

\*\*MADS is an estimate until final expenses have been determined

The total MADS from section 2(a.) having a lien on SSTs is \$243,516.

(b.) Other prior obligations which have been funded or approved for which the local government has pledged its SSTs are as follows:

Type of Obligation	Identifying #	Loan Amount	Principal Forgiveness	MADS
QZAB/QSCB				
TLDA/Public Health				
TLDA/Transportation				

The total MADS from section 2(b.) having a lien on SSTs is \$0.

(c.) The total MADS from prior obligations having a lien on SSTs [subsections 2(a)+2(b)] is \$243,516.

**3. Loan Requests**

The loan(s) which have been applied for and for which state-shared taxes will be pledged:

Loan Type	Loan #	Anticipated Interest Rate	Base Loan	Principal Forgiveness	Anticipated MADS
SRF/Water	DG20 2022-252	1.19%	\$1,350,000	\$0	\$75,884

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is \$ 75,884.

**4. Unobligated SSTs**

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is \$1,875,049.

**The Local government hereby represents the information presented above is accurate and understands that funding for the loan request(s) presented is contingent upon approval by the TLDA.**

**Duly signed by an authorized representative of the Local Government on this 11th day of August 2022.**

*This is the Comptroller's certificate as required by TCA 4-31-108.*

**LOCAL GOVERNMENT**

**BY:**



Curt Alexander, Mayor



**REQUIREMENT FOR REPORT ON DEBT OBLIGATION**  
(FORM CT-0253)  
**CITY OF ELIZABETHTON**  
**DG20 2022-252**

Pursuant to Tenn. Code Ann. § 9-21-134, a Report on Debt Obligation (the "Report") must be prepared for all debt obligations issued or entered into by any public entity and filed with its governing body with a copy sent to the Office of State and Local Finance/Comptroller of the Treasury for the State of Tennessee. The purpose of the Report is to provide clear and concise information to members of the governing or legislative body that authorized and is responsible for the debt issued.

Public entities that fail to comply with the requirements of Tenn. Code Ann. § 9-21-134 are not permitted to enter into any further debt obligations until they have complied with the law. A State Revolving Fund (SRF) loan program applicant that is not in compliance with this law should file the Report as soon as possible and provide notification of filing to the SRF loan program so that it may proceed with the loan application. Instructions on how to file the Report are located in the "Debt" category for "Local Finance" on the website of the Tennessee Comptroller of the Treasury.

**Municipal Securities Rulemaking Board (MSRB) - Required Disclosure**

Local governments that issue municipal securities on or after February 27, 2019, should be aware that the Securities and Exchange Commission (SEC) adopted amendments to Rule 15c2-12 of the Securities Exchange Act that require reporting on material financial obligations that could impact an issuer's financial condition or security holder's rights. The amendments add two events to the list of events that must be included in any continuing disclosure agreement that is entered into after the compliance date:

- Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

To learn how to report these new disclosures please refer to the MSRB's Electronic Municipal Market Access EMMA® website ([emma.msrb.org](http://emma.msrb.org)).

**The applicant, City of Elizabethton, attests that it is in compliance with Tenn. Code Ann. § 9-21-134 for its debt obligations and understands that the Report is required to be filed once the SRF loan has been approved by the Tennessee Local Development Authority and the agreement has been executed by the borrower. The applicant further acknowledges that it may be responsible to perform continuing disclosure undertakings related to SEC Rule 15c2-12. Local governments should always consult bond counsel in order to obtain advice on appropriate disclosures related to this rule.**



Curt Alexander, Mayor

8/11/2022  
Date

***This is the Comptroller's certificate as required by TCA 4-31-108.***

## FACT SHEET

### October 19, 2022

**Borrower:** City of Kingsport  
**Project Number:** DG8 2022-249  
**Requested SRF Funding:** \$1,300,000  
**Term:** 20 years  
**Rate:** 1.06% = (1.94% X 60%) - (0.1%) (Tier 1)

**Project:**

Green - Water Meter Replacement (Installation of AMI meters city wide.)

Total Project Cost:	\$1,300,000
Project Funding:	
SRF Loan Principal	\$1,300,000
Local Funds	\$ -0-
Other Funds	\$ -0-
County:	Sullivan and Hawkins Counties
Consulting Engineer:	Kingsport Water Service Division
Priority Ranking List:	2020
Priority Ranking:	38 of 48 <sup>1</sup>
Public Meeting:	05/10/2022

**Financial Information:**

Operating Revenues:	\$13,907,975
Current Rate:	\$20.63
Financial Review Rate:	\$20.63
Effective Rates, if applicable:	N/A
Residential User Charge:	5,000 gal/month
Customer Base:	23,241
Audit Report Filed:	12/31/2021 (Timely)
Initial Financial Sufficiency Review:	03/09/2022
Updated Financial Sufficiency Review:	N/A

The financial sufficiency review indicates that revenues and rates are sufficient to repay its SRF loan(s).

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<sup>1</sup> The project is ranked #38 of 48 on the 2020 Priority Ranking List (PRL).



**FACT SHEET**  
**October 19, 2022**

**Additional Security**

The borrower pledges its unobligated state-shared taxes (SSTs) in an amount equal to the maximum annual debt service (MADS) requirements under the loan agreement.

The SSTs received by the borrower from the state in the prior fiscal year: \$8,101,529

MADS:	Prior Obligations:	\$ 983,564.83
	Proposed loan(s):	
	DG8 2022-249	<u>\$ 72,162.00</u>
	Totals	<u>\$1,055,726.83</u>

MADS as a percentage of SSTs:	13.03%
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**REPRESENTATION OF  
LOANS AND STATE-SHARED TAXES  
CITY OF KINGSPORT  
DG8 2022-249**

As security for payments due under a State Revolving Fund (SRF) Loan Agreement, a local government pledges user fees, charges, and ad valorem taxes as necessary to meet its obligations under a SRF Loan Agreement. As an additional security for such payments due, a local government pledges and assigns its unobligated state-shared taxes (SSTs) in an amount equal to maximum annual debt service (MADS) requirements.

**1. State-Shared Taxes**

The total amount of SSTs, as identified pursuant to Tenn. Code Ann. § 4-31-105(c)(2), received by the local government in the prior fiscal year of the State is \$8,101,529.00.

**2. Prior Obligations**

(a.) Prior SRF loans which have been funded or approved for which the Local Government has pledged its SSTs are as follows:

Loan Type	Loan #	Base Loan*	Principal Forgiveness*	MADS**
SRF/Water	DWF 2014-140	\$13,556,601.00	\$0.00	\$806,484.00

\* If applicable, the original approved amount is adjusted for decreases and approved increases

\*\*MADS is an estimate until final expenses have been determined

The total MADS from section 2(a.) having a lien on SSTs is \$806,484.00.

(b.) Other prior obligations which have been funded or approved for which the local government has pledged its SSTs are as follows:

Type of Obligation	Identifying #	Loan Amount	Principal Forgiveness	MADS
QSCB	BFC07000	\$1,240,000.00	\$0.00	\$177,080.83
TLDA/Public Health				
TLDA/Transportation				

The total MADS from section 2(b.) having a lien on SSTs is \$177,080.83.

(c.) The total MADS from prior obligations having a lien on SSTs [subsections 2(a)+2(b)] is \$983,564.83.

**3. Loan Requests**

The loan(s) which have been applied for and for which state-shared taxes will be pledged:

Loan Type	Loan #	Anticipated Interest Rate	Base Loan	Principal Forgiveness	Anticipated MADS
SRF/Water	DG8 2022-249	1.06%	\$1,300,000.00	\$0.00	\$72,162.00

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is \$72,162.00.

**4. Unobligated SSTs**

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is \$7,045,802.17.

The Local government hereby represents the information presented above is accurate and understands that funding for the loan request(s) presented is contingent upon approval by the TLDA.

Duly signed by an authorized representative of the Local Government on this 21st day of June, 2022.

*This is the Comptroller's certificate as required by TCA 4-31-108.*

**LOCAL GOVERNMENT**

BY:

Patrick W. Shull  
Patrick Shull, Mayor

APPROVED AS TO FORM:

Robley B. Brantley III  
CITY ATTORNEY

Angela Marshall  
DEPUTY CITY RECORDER



## REQUIREMENT FOR REPORT ON DEBT OBLIGATION

(FORM CT-0253)

### CITY OF KINGSPORT DG8 2022-249

Pursuant to Tenn. Code Ann. § 9-21-134, a Report on Debt Obligation (the "Report") must be prepared for all debt obligations issued or entered into by any public entity and filed with its governing body with a copy sent to the Office of State and Local Finance/Comptroller of the Treasury for the State of Tennessee. The purpose of the Report is to provide clear and concise information to members of the governing or legislative body that authorized and is responsible for the debt issued.

Public entities that fail to comply with the requirements of Tenn. Code Ann. § 9-21-134 are not permitted to enter into any further debt obligations until they have complied with the law. A State Revolving Fund (SRF) loan program applicant that is not in compliance with this law should file the Report as soon as possible and provide notification of filing to the SRF loan program so that it may proceed with the loan application. Instructions on how to file the Report are located in the "Debt" category for "Local Finance" on the website of the Tennessee Comptroller of the Treasury.

#### Municipal Securities Rulemaking Board (MSRB) – Required Disclosure

Local governments that issue municipal securities on or after February 27, 2019, should be aware that the Securities and Exchange Commission (SEC) adopted amendments to Rule 15c2-12 of the Securities Exchange Act that require reporting on material financial obligations that could impact an issuer's financial condition or security holder's rights. The amendments add two events to the list of events that must be included in any continuing disclosure agreement that is entered into after the compliance date:

- Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

To learn how to report these new disclosures please refer to the MSRB's Electronic Municipal Market Access EMMA® website ([emma.msrb.org](http://emma.msrb.org)).

The applicant, City of Kingsport, attests that it is in compliance with Tenn. Code Ann. § 9-21-134 for its debt obligations and understands that the Report is required to be filed once the SRF loan has been approved by the Tennessee Local Development Authority and the agreement has been executed by the borrower. The applicant further acknowledges that it may be responsible to perform continuing disclosure undertakings related to SEC Rule 15c2-12. Local governments should always consult bond counsel in order to obtain advice on appropriate disclosures related to this rule.

*Patrick W. Shull*

Patrick Shull, Mayor

7/8/2022

Date

*This is the Comptroller's certificate as required by TCA 4-31-108.*

APPROVED AS TO FORM:

*Anthony B. Hunter III*  
CITY ATTORNEY

*Angela H. Hull*  
DEPUTY CITY RECORDER

## FACT SHEET

### October 19, 2022

**Borrower:** City of Lafollette  
**Project Number:** DW9 2023-255  
**Requested SRF Funding:** \$170,000  
**Term:** 5 years  
**Rate:** 0.66% = 1.65% X 40% (Tier 1)

**Project:**

Waterline Replacement (Replacing approximately 13,300 LF of 6-inch diameter waterlines with 12-inch diameter waterlines to provide better pressure in the downtown area.) Planning and Design.

Total Project Cost: \$ 170,000

Project Funding:

SRF Loan Principal (50%)	\$ 85,000
Principal Forgiveness (50%)	\$ 85,000
Local Funds	\$ -0-
Other Funds	\$ -0-

County:	Campbell County
Consulting Engineer:	Cannon & Cannon, Inc.
Priority Ranking List:	2021
Priority Ranking:	49 of 72 <sup>1</sup>
Public Meeting:	07/28/2022

**Financial Information:**

Operating Revenues:	\$6,970,025
Current Rate:	\$33.02
Financial Review Rate:	\$33.02
Effective Rates, if applicable:	N/A
Residential User Charge:	5,000 gal/month
Customer Base:	10,212
Audit Report Filed:	10/28/2021 (Timely)
Initial Financial Sufficiency Review:	06/16/2022
Updated Financial Sufficiency Review:	N/A

The financial sufficiency review indicates that revenues and rates are sufficient to repay its SRF loan(s).

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<sup>1</sup> The project is ranked #49 of 72 on the 2021 Priority Ranking List (PRL).

# FACT SHEET

## October 19, 2022

### Additional Security

The borrower pledges its unobligated state-shared taxes (SSTs) in an amount equal to the maximum annual debt service (MADS) requirements under the loan agreement.

The SSTs received by the borrower from the state in the prior fiscal year: \$1,080,538

MADS:	Prior Obligations:	\$539,897
	Proposed loan(s):	
	DW9 2023-255	<u>\$ 17,723</u>
	Totals	<u>\$557,620</u>

MADS as a percentage of SSTs:	51.61%
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**REPRESENTATION OF  
LOANS AND STATE-SHARED TAXES  
CITY OF LAFOLLETTE  
DW9 2023-255**

As security for payments due under a State Revolving Fund (SRF) Loan Agreement, a local government pledges user fees, charges, and ad valorem taxes as necessary to meet its obligations under a SRF Loan Agreement. As an additional security for such payments due, a local government pledges and assigns its unobligated state-shared taxes (SSTs) in an amount equal to maximum annual debt service (MADS) requirements.

**1. State-Shared Taxes**

The total amount of SSTs, as identified pursuant to Tenn. Code Ann. § 4-31-105(c)(2), received by the local government in the prior fiscal year of the State is \$1,080,538.

**2. Prior Obligations**

(a.) Prior SRF loans which have been funded or approved for which the Local Government has pledged its SSTs are as follows:

Loan Type	Loan #	Base Loan*	Principal Forgiveness*	MADS**
SRF/Water	DWF 2003-052	\$1,060,000	\$0	\$56,868
SRF/Sewer	SRF 2006-190	\$6,497,945	\$0	\$432,876
SRF/Water	DW8 2022-248	\$250,000	\$250,000	\$50,153

\* If applicable, the original approved amount is adjusted for decreases and approved increases

\*\*MADS is an estimate until final expenses have been determined

The total MADS from section 2(a.) having a lien on SSTs is \$539,897.

(b.) Other prior obligations which have been funded or approved for which the local government has pledged its SSTs are as follows:

Type of Obligation	Identifying #	Loan Amount	Principal Forgiveness	MADS
QZAB/QSCB				
TLDA/Public Health				
TLDA/Transportation				

The total MADS from section 2(b.) having a lien on SSTs is \$0.

(c.) The total MADS from prior obligations having a lien on SSTs [subsections 2(a)+2(b)] is \$539,897.

**3. Loan Requests**

The loan(s) which have been applied for and for which state-shared taxes will be pledged:

Loan Type	Loan #	Anticipated Interest Rate	Base Loan	Principal Forgiveness	Anticipated MADS
SRF/Water	DW9 2023-255	1.65%	\$85,000	\$85,000	\$17,723

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is \$17,723.

**4. Unobligated SSTs**

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is \$522,918.

**The Local government hereby represents the information presented above is accurate and understands that funding for the loan request(s) presented is contingent upon approval by the TLDA.**

**Duly signed by an authorized representative of the Local Government on this 3rd day of August, 2022.**

*This is the Comptroller's certificate as required by TCA 4-31-108.*

**LOCAL GOVERNMENT**

BY:

Phillip L. Farmer  
Phillip L. Farmer, Mayor



## REQUIREMENT FOR REPORT ON DEBT OBLIGATION

(FORM CT-0253)

### CITY OF LAFOLLETTE

DW9 2023-255

Pursuant to Tenn. Code Ann. § 9-21-134, a Report on Debt Obligation (the "Report") must be prepared for all debt obligations issued or entered into by any public entity and filed with its governing body with a copy sent to the Office of State and Local Finance/Comptroller of the Treasury for the State of Tennessee. The purpose of the Report is to provide clear and concise information to members of the governing or legislative body that authorized and is responsible for the debt issued.

Public entities that fail to comply with the requirements of Tenn. Code Ann. § 9-21-134 are not permitted to enter into any further debt obligations until they have complied with the law. A State Revolving Fund (SRF) loan program applicant that is not in compliance with this law should file the Report as soon as possible and provide notification of filing to the SRF loan program so that it may proceed with the loan application. Instructions on how to file the Report are located in the "Debt" category for "Local Finance" on the website of the Tennessee Comptroller of the Treasury.

#### **Municipal Securities Rulemaking Board (MSRB) – Required Disclosure**

Local governments that issue municipal securities on or after February 27, 2019, should be aware that the Securities and Exchange Commission (SEC) adopted amendments to Rule 15c2-12 of the Securities Exchange Act that require reporting on material financial obligations that could impact an issuer's financial condition or security holder's rights. The amendments add two events to the list of events that must be included in any continuing disclosure agreement that is entered into after the compliance date:

- Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

To learn how to report these new disclosures please refer to the MSRB's Electronic Municipal Market Access EMMA® website ([emma.msrb.org](http://emma.msrb.org)).

**The applicant, City of LaFollette, attests that it is in compliance with Tenn. Code Ann. § 9-21-134 for its debt obligations and understands that the Report is required to be filed once the SRF loan has been approved by the Tennessee Local Development Authority and the agreement has been executed by the borrower. The applicant further acknowledges that it may be responsible to perform continuing disclosure undertakings related to SEC Rule 15c2-12. Local governments should always consult bond counsel in order to obtain advice on appropriate disclosures related to this rule.**



Phillip L. Farmer, Mayor

August 3, 2022

Date

***This is the Comptroller's certificate as required by TCA 4-31-108.***

## FACT SHEET

### October 19, 2022

**Borrower:** City of Trenton  
**Project Number:** DW8 2022-245  
**Requested SRF Funding:** \$650,000  
**Term:** 20 years  
**Rate:** 1.82% = 3.03% X 60% (Tier 2)

**Project:**

Distribution System Extension (Installation of waterlines to eliminate dead-end waterlines on S College St, Hwy 45 Bypass, Hwy 457 Bypass, and W Eaton Street to improve the flow of water and reduce water waste.)

Total Project Cost: \$650,000

Project Funding:

SRF Loan Principal (80%)	\$520,000
Principal Forgiveness (20%)	\$130,000
Local Funds	\$ -0-
Other Funds	\$ -0-

County:	Gibson County
Consulting Engineer:	J.R. Wauford & Company, Consulting Engineers, Inc.
Priority Ranking List:	2020
Priority Ranking:	46 of 48 <sup>1</sup>
Public Meeting:	09/28/2021

**Financial Information:**

Operating Revenues:	\$2,646,047
Current Rate:	\$33.68
Financial Review Rate:	\$32.08
Effective Rates, if applicable:	N/A
Residential User Charge:	5,000 gal/month
Customer Base:	2,043
Audit Report Filed:	12/29/2021 (Timely)
Initial Financial Sufficiency Review:	09/03/2021
Updated Financial Sufficiency Review:	05/16/2022

The financial sufficiency review indicates that revenues and rates are sufficient to repay its SRF loan(s).

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<sup>1</sup> The project is ranked #46 of 48 on the 2020 Priority Ranking List (PRL).

**FACT SHEET**  
**October 19, 2022**

**Additional Security**

The borrower pledges its unobligated state-shared taxes (SSTs) in an amount equal to the maximum annual debt service (MADS) requirements under the loan agreement.

The SSTs received by the borrower from the state in the prior fiscal year: \$629,216

MADS:	Prior Obligations:	\$521,412
	Proposed loan(s):	
	DW8 2022-245	<u>\$ 31,038</u>
	Totals	<u>\$552,450</u>

MADS as a percentage of SSTs:	87.80%
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**REPRESENTATION OF  
LOANS AND STATE-SHARED TAXES  
CITY OF TRENTON  
DW8 2022-245**

As security for payments due under a State Revolving Fund (SRF) Loan Agreement, a local government pledges user fees, charges, and ad valorem taxes as necessary to meet its obligations under a SRF Loan Agreement. As an additional security for such payments due, a local government pledges and assigns its unobligated state-shared taxes (SSTs) in an amount equal to maximum annual debt service (MADS) requirements.

**1. State-Shared Taxes**

The total amount of SSTs, as identified pursuant to Tenn. Code Ann. § 4-31-105(c)(2), received by the local government in the prior fiscal year of the State is \$ 629,216.

**2. Prior Obligations**

(a.) Prior SRF loans which have been funded or approved for which the Local Government has pledged its SSTs are as follows:

Loan Type	Loan #	Base Loan*	Principal Forgiveness*	MADS**
SRF/Sewer	CWA 2017-386	\$3,604,827	\$271,331	\$193,200
SRF/Sewer	SRF 2017-392	\$5,997,812	\$0	\$328,212

\* If applicable, the original approved amount is adjusted for decreases and approved increases

\*\*MADS is an estimate until final expenses have been determined

The total MADS from section 2(a.) having a lien on SSTs is \$521,412.

(b.) Other prior obligations which have been funded or approved for which the local government has pledged its SSTs are as follows:

Type of Obligation	Identifying #	Loan Amount	Principal Forgiveness	MADS
QZAB/QSCB				
TLDA/Public Health				
TLDA/Transportation				

The total MADS from section 2(b.) having a lien on SSTs is \$0.

(c.) The total MADS from prior obligations having a lien on SSTs [subsections 2(a)+2(b)] is \$521,412.

**3. Loan Requests**

The loan(s) which have been applied for and for which state-shared taxes will be pledged:

Loan Type	Loan #	Anticipated Interest Rate	Base Loan	Principal Forgiveness	Anticipated MADS
SRF/Water	DW8 2022-245	1.82%	\$520,000	\$130,000	\$31,038

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is \$31,038.

**4. Unobligated SSTs**

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is \$ 76,766.

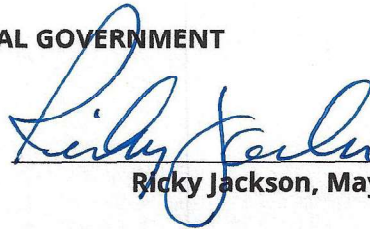
**The Local government hereby represents the information presented above is accurate and understands that funding for the loan request(s) presented is contingent upon approval by the TLDA.**

**Duly signed by an authorized representative of the Local Government on this 15<sup>th</sup> day of June, 2022.**

*This is the Comptroller's certificate as required by TCA 4-31-108.*

**LOCAL GOVERNMENT**

**BY:**



**Ricky Jackson, Mayor**



## REQUIREMENT FOR REPORT ON DEBT OBLIGATION

(FORM CT-0253)

CITY OF TRENTON

DW8 2022-245

Pursuant to Tenn. Code Ann. § 9-21-134, a Report on Debt Obligation (the "Report") must be prepared for all debt obligations issued or entered into by any public entity and filed with its governing body with a copy sent to the Office of State and Local Finance/Comptroller of the Treasury for the State of Tennessee. The purpose of the Report is to provide clear and concise information to members of the governing or legislative body that authorized and is responsible for the debt issued.

Public entities that fail to comply with the requirements of Tenn. Code Ann. § 9-21-134 are not permitted to enter into any further debt obligations until they have complied with the law. A State Revolving Fund (SRF) loan program applicant that is not in compliance with this law should file the Report as soon as possible and provide notification of filing to the SRF loan program so that it may proceed with the loan application. Instructions on how to file the Report are located in the "Debt" category for "Local Finance" on the website of the Tennessee Comptroller of the Treasury.

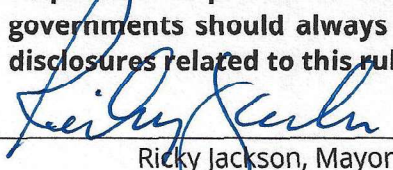
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**The applicant, City of Trenton, attests that it is in compliance with Tenn. Code Ann. § 9-21-134 for its debt obligations and understands that the Report is required to be filed once the SRF loan has been approved by the Tennessee Local Development Authority and the agreement has been executed by the borrower. The applicant further acknowledges that it may be responsible to perform continuing disclosure undertakings related to SEC Rule 15c2-12. Local governments should always consult bond counsel in order to obtain advice on appropriate disclosures related to this rule.**

  
Ricky Jackson, Mayor

June 15, 2022

Date

*This is the Comptroller's certificate as required by TCA 4-31-108.*